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19 April 1963

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR

FROM : Chief, Publications Staff, ORR

SUBJECT : Transmittal of Material

It is requested that the attached copies of CIA/RR CB 63-38, Khrushchev Orders Additional Imports of Western Equipment for the High-Priority Agricultural Chemical Sector, 17 April 1963, Secret/NO FOREIGN DISSEM, be forwarded as follows:

State, INR Communications Center,
Room 7818, State Dept. Bldg.
For Embassies in Berlin, Moscow, Bonn,
Frankfurt, London, Paris, and
Rome

[redacted] 25X1A

Attachments:
Copies #164 - #170 of CB 63-38

cc: St/I/R

KS
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Current Support Brief

KHRUSHCHEV ORDERS ADDITIONAL IMPORTS OF WESTERN EQUIPMENT FOR THE HIGH-PRIORITY AGRICULTURAL-CHEMICAL SECTOR

CIA/RR CB 63-38

17 April 1963

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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KHRUSHCHEV ORDERS ADDITIONAL IMPORTS OF WESTERN EQUIPMENT FOR THE HIGH-PRIORITY AGRICULTURAL-CHEMICAL SECTOR

According to a report of 29 March, Premier Khrushchev, during a visit to a Soviet urea fertilizer plant being built in Tula Oblast, stated that construction of urea plants had to be accelerated and that this task would be given the highest priority. 1/ The urea plant visited is one of four being supplied by a Western firm, and Khrushchev, on learning that the firm also had contracted to supply part of the equipment for other Soviet urea plants, ordered that four additional complete plants be purchased instead. Judging from the report, a high priority, already foreshadowed in 1962, now is being given by the USSR to construction of plants producing agricultural chemicals. The purchase of four more plants, if confirmed, will be additional evidence that Soviet equipment and instrument manufacturers are unable to meet the present requirements for the fertilizer industry and that a very sizable portion of the equipment needed to provide the scheduled increases in production of urea during the Seven Year Plan (1959-65) will come from the West. Although the high priority being given the fertilizer industry is unlikely to result in fulfillment of the Soviet goal to produce 35 million tons of mineral fertilizers in 1965, increases in capacity in 1963-65 will be significantly higher than those in 1959-62.

The four plants already ordered by the USSR apparently will have a total capacity of 700,000 to 720,000 tons of urea, or about 45 percent of the 1.6 million tons planned for production in the USSR in 1965. 2/ As of September 1962, construction of the first three of the Western-supplied plants reportedly was behind schedule by periods ranging from 5 months to 1 year, 3/ but all four plants should be in operation well before 1965.

The urea produced in the USSR is to be used predominantly as fertilizer and as animal feed. Urea also can be used in production of plastics and explosives and is a possible starting material in production

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of hydrazine, a storable missile fuel. These nonagricultural uses, however, would be satisfied by a far smaller production of urea than is at present planned in the USSR.

The scheduled increase in production of urea is the result of a decision not only to add to the total volume of fertilizers but also to utilize more concentrated fertilizers. Urea contains about 46 percent nitrogen. As of 1961, Soviet nitrogen fertilizers contained an average of only 30.5 percent nitrogen and probably have not changed appreciably since. The higher nutrient content per unit of weight should permit lower outlays for transportation.

The present Soviet emphasis on the fertilizer industry was foreshadowed in 1962, when a supplementary allocation of investment for the fertilizer sector was announced for that year and an incentives program introduced to stimulate lagging construction and production. 4/ According to data on the progress of the fertilizer industry in 1959-62 and the plan for 1963, however, annual increases of fertilizers in the first 5 years of the Seven Year Plan will have averaged only about 1.5 million tons. Annual increases of 7.5 million tons will therefore be needed in 1964 and 1965 to meet the production goal of 35 million tons in 1965. Although it is highly unlikely that the goal will be attained (and indeed the goal itself may even be lowered), the present emphasis on rapid expansion probably will continue, and increases in capacity in 1963-65 will be significantly higher than those in 1959-62.

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Analyst: [redacted]

Coord:

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Sources:

25X1A 1. [redacted]

2. Pravda, 15 Jun 60, p. 2. U.

25X1A 3. [redacted]

4. Stroitel'naya gazeta, 9 May 62, p. 1. U.
Ekonomicheskaya gazeta, 14 Jul 62, p. 2. U.

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Project No. _____ Report Series CIA/RR ~~XX~~ CB 63-38

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Analysts: [redacted] R/CH

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Control Sheet

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Series Number CIA/RR CB 63-38 Classification

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161	[redacted]			
162		25X1C		
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164 - 223	Filed in St/P/C		19 Apr 63	
164 - 170	See attached memo		19 Apr 63	
171 - 173	[redacted]		25 Apr 63	25X1C
223	[redacted]	OSI	25 Apr 63	25X1A
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137-140	USIA, Attn: W. Phelps, IRR/D, Room 701, Walker Johnson Bldg., 1734 New York Ave., N.W.
141-152	State, INR Communications Center, Room 7818, State Dept. Bldg.
153-154	DIA, Services Division, Publications Section, Room 2C230, Pentagon
155-156	Dr. Neilson Debevoise, NSC, Room 365, Executive Office Building
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225 ~~224~~-275	Records Center

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Subject CIA/RR CB 63-38

Analyst [redacted] Branch E/CH

	Date	Initials	Remarks
I. IN 25X1A Unedited draft Edited draft Other		25X1C	No [redacted] distribution. FI turned down release after reviewing draft. [redacted] 10 apr 63
II. SECURITY a) Text check b) Sources to be checked Release authorized Releasable to c) [redacted]	25X1C		25X1A
d) Release requested: 1) initiated 2) received			
III. OUT Report #1 sent to AD/RR Report #2 sent to DDI Report #3 given to [redacted] for sanitizing OL/PSD notified to disseminate	25X1A		

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